

# Use Financial Common Sense

Making smart financial decisions requires analysis and careful attention to detail. Meet with base financial counselors to create a monthly/annual budget, identify your financial goals, and develop a financial plan. If you or family members are having financial difficulties, don't let fear or embarrassment prevent you from getting help! Every service branch has relief societies to provide advice and emergency financial assistance to servicemembers and families. Be financially cautious—some servicemembers have even lost their national security clearances due to extreme financial problems, and financial troubles can follow you back to civilian life. Go to [www.americasupportsyouth.mil/AmericaSupportsYou/military\\_family.html](http://www.americasupportsyouth.mil/AmericaSupportsYou/military_family.html) for a directory of support groups.

## BEFORE YOU MAKE ANY FINANCIAL DECISION:

- Watch out! If a financial opportunity sounds too good to be true, it probably is.
- Ask questions, get all contracts in writing, and don't sign any paperwork until you understand everything.
- Determine how much financial risk you can tolerate. Remember—only invest what you can afford to lose.
- Don't forget to calculate the tax impacts of any major purchase, insurance product, and investment.
- Verify prepayment and early withdrawal penalties.
- Make sure that you will be able to access your assets if you need cash in the future.
- Ask salespeople to disclose (in writing) all costs, service charges, penalties, fees, and commissions. Ask about potential conflicts of interest; salespeople may receive bonuses if you buy a particular life insurance product, annuity, stock, bond, mutual fund, or other investment they recommend.

**CHECK CREDENTIALS** – Verify that people who make money from your purchases and investments have proper credentials before you disclose your financial information, Social Security Number, or other personal information. Ask salespeople to fill out the “**Check Before You Invest**” form (see page 5) to verify their California licenses, work history, company, and products. Immediately report concerns or complaints to the appropriate agency.

## REVIEW FINANCIAL DOCUMENTS–

Keep tabs on your checking, savings, investments, insurance, and credit card accounts. Review bills monthly and review all fees and charges. Make sure you have sufficient funds before writing a check or using a debit card—overdraft fees can be very expensive.

## BE WARY OF “IMMEDIATE” ACTION

**REQUIRED** – Turn down promises of quick profits, insider information, or tactics like “you must act now.” It is better to miss a so-called “opportunity” than to make an uninformed decision and lose your money. Watch out if a salesperson won't allow you time to compare prices and features, or explore other options—these are warning signs of fraud!

**KEEP GOOD CREDIT** – Make sure purchases and investments are well within your budget, review bill payment due dates and pay on time, and don't get trapped by credit card debt. Remember, your credit rating (called credit “score”) impacts the interest rate on your loan—so the better your credit score, the lower the interest rate.

## GET A FREE COPY OF YOUR CREDIT REPORT –

**Annualcreditreport.com** is the **ONLY** federally authorized website (or call Toll-Free 1-877-322-8228) for you to get a FREE credit report. You will never receive any e-mail or pop up ads from this site. Review your credit report carefully: watch for accounts you don't recognize (especially new accounts), suspicious charges, or any addresses where you've never lived.

You can also request a free credit report once every 12 months from each of the three national credit-reporting companies. You can rotate your requests so you receive one every four months.

Trans Union .....	1-800-680-7289
Experian .....	1-888-397-3742
Equifax .....	1-800-525-6285

Some websites claim to offer “free” credit reports, but may charge you for another product if you accept the “free” report. If you get junk e-mail or pop ups, it's also probably a scam. File a complaint with the U.S. Federal Trade Commission if you were charged for what you thought was a free annual credit report.

**CELL PHONE CONTRACTS** – Call your cell phone service provider to find out whether they offer special assistance for servicemembers. Often, if you provide copies of your military orders, cell phone service providers will suspend or cancel your plan without penalties or fees (although they are not legally obligated to do so). Since cell phone contracts usually are for two years, ask about deployment options before you sign any new agreements.

**CAR LOANS** – Check with your bank or credit union to explore car financing options and interest rates. A car loan typically takes 4 to 6 years to repay—make sure you will be able to manage the payments, car insurance, operating costs, and repairs.